



## State of Utah

### Department of Natural Resources

MICHAEL R. STYLER  
*Executive Director*

### Division of Oil, Gas & Mining

JOHN R. BAZA  
*Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

March 7, 2007

Ted Stevens  
American Gilsonite Company  
200 Page Mill Road  
Palo Alto, California 94306

Subject: Escalated Surety and Approval of B-46 through B-50, E-32, and WH-18;  
American Gilsonite Company (AGC); Bonanza Mine; M0470010; Tasks  
278 and 1663; Uintah County, Utah

Dear Mr. Stevens:

The Division of Oil, Gas and Mining has reviewed of the reclamation cost estimate for the Bonanza Mine. Given the below listed considerations the estimated reclamation cost is \$921,564.00 (2011 dollars).

1. Reclamation responsibilities are complete at sites R-2, R-4, H-2, and H-10.
2. Shafts have been sealed and grading complete at sites B-40, WH-12, LE-10, LE-16, LE-19, and LE-20. Revegetation is still required at these sites.
3. Sites WH-18, B-46, B-48, B-50, and E-32 are added to the mining and reclamation plan including the reclamation cost estimate.
4. Of the total estimated amount, \$846,000.00 is for sites on non-federal land, and \$75,564.00 is for sites on land administered by the Bureau of Land Management. Although these amounts were calculated separately, the Division and the BLM cooperated to determine the costs.

Details of the calculations for the sites are on the enclosed spreadsheets.

By Board of Oil, Gas, and Mining (Board) Order of May 31, 2002, the Board and AGC entered into a Self-Bonding and Indemnity Agreement. The terms of the agreement require that the "Board release the Operator of its obligations under this Agreement before the Division release any portion of either the Pledge and

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Escrow Agreement or the Existing Bond.” While no actual release of money is proposed the recalculated surety amount does include a change in obligation.

Term 6 requires AGC to file a Request for Agency Action with the Board to review the Agreement once the final escrow payment is made. Final payment was made in 2005.

The Division cannot finalize the proposed release, addition, or surety escalation until the Board has reviewed and approved these actions.

On December 26, 2006, the Division received a revised table showing all the mine sites. Also included was a map showing locations of mine sites on the Eureka, Independent, Bonanza, Wagon Hound, and Little Emma Veins. The Division approves this table and this map for incorporation into your mine plan. As you add and modify sites, please update this portion of the plan.

Please contact Beth Ericksen for information about updating the surety and the reclamation contract. She can be reached at 801-538-5318 or by e mail at [bethericksen@utah.gov](mailto:bethericksen@utah.gov). Questions about the surety amount should be directed to Paul Baker at 801-538-5261.

Thank you for your cooperation and patience as the Division has been working to complete the permitting and surety update process. Please call if you have any comments or questions (801-538-5258).

Sincerely,



Susan M. White  
Mining Program Coordinator  
Minerals Regulatory Program

SMW:PBB:pb

Enclosure: Bond Calculation Sheets

Approved table and map

cc: Jared Jackson, American Gilsonite  
Stan Perkes, Utah BLM Office  
Beth Ericksen  
Tony Gallegos  
Vernal BLM

Steve Alder

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